

MINUTES

VIRGINIA SMALL BUSINESS FINANCING AUTHORITY BOARD OF DIRECTORS MEETING - LOAN BUSINESS

October 16, 2013 - 12:00 P.M.

1220 Bank Street, Jefferson Building

2nd Floor Board Room

Richmond, Virginia 23219

- I. Board Members Present: Mr. Song Park, Mr. Bob Young (on behalf of the Honorable Manju Ganeriwala), Mr. Jim Thomas, Ms. Monica Rao, and Mr. Shawn Boyer

Board Members Absent: Ms. Tonya Mallory, Mr. Michael Joyce, Mr. John Jacquemin, Mr. Peter Su, Ms. Dona Storey, and Mr. Prescott Sherrod

Others Present: Mr. Scott Parsons, Ms. Patty Thorne, Ms. Anna Mackley, Ms. Linda Gilbert, Ms. Patricia Musial, Mr. Don Ferguson (Senior Assistant Attorney General & Counsel to the VSBFA), Mr. Bill Doyle (Federal Management Systems, Inc.), Mr. Bill Derry (Troutman Sanders), Ms. Ida McPherson (Director, Department of Minority Business Enterprise), Mr. David Smith (REDC Community Capital), and Mr. Tanner Collins (REDC Community Capital)

Chairman Park convened the meeting at 12:00 p.m. and welcomed all board directors, staff, and guests.

- II. Presentation by REDC Community Capital - Mr. Parsons introduced Ms. Ida McPherson, Director of the Department of Minority Business Enterprise. Ms. McPherson then introduced her guests from REDC Community Capital, Mr. David Smith (former Deputy Secretary of Commerce & Trade) and Mr. Tanner Collins. Mr. Smith and Mr. Collins provided the Board with an overview and history of REDC and described their technical assistance program through Clearpoint Credit Counseling. REDC is requesting that the VSBFA allow clients of REDC's technical assistance program to receive up to \$25,000 through the VSBFA's microloan program just as the VSBFA allows qualifying clients of the SBDC's and SCORE to increase their qualifying loan amounts from \$10,000 to \$25,000. On a motion by Mr. Thomas, seconded by Mr. Young, the Board unanimously approved the motion as requested. Voting aye: Mr. Park, Mr. Boyer, Ms. Rao, Mr. Thomas, and Mr. Young. REDC also commented that it would like to have \$1 million to support its Community Advantage Loan Program with the U.S. SBA; however, they were not prepared to make a request for these funds at this time.
- III. Approval of Minutes - On a motion by Mr. Young, seconded by Mr. Boyer, the Board unanimously approved the minutes from the June 19, 2013 Board of Directors - Loan Business Meeting. Voting aye: Mr. Park, Mr. Boyer, Ms. Rao, Mr. Thomas, and Mr. Young

IV. Amendment to VSBFA Qualified 501(c)(3) Revenue Bond, Series 2010

- A. Goodwill Industries of Central Virginia, Inc. - Richmond City. Ms. Thorne introduced Mr. Bill Derry of Troutman Sanders, bond counsel for Goodwill, and presented Goodwill's request on behalf of Ms. Sisson-Vaughan who was not able to be present at the meeting. Mr. Derry explained Goodwill's request for an amendment to the existing bond issued by the VSBFA and entertained questions from the Board. No public hearing was required. On a motion by Mr. Thomas, seconded by Mr. Boyer, the Board unanimously approved the request as presented. Voting aye: Mr. Park, Mr. Boyer, Ms. Rao, Mr. Thomas, and Mr. Young

V. Loan Guaranty Program and Cash Collateral Program Applications

- A. Virginia Manufacturers Association, Inc. - Richmond City - \$800,000. Ms. Thorne introduced the request from EVB under the VSBFA's Loan Guaranty and Cash Collateral programs. The VSBFA's participations in the transactions through these two programs will enable EVB to extend loans to the Virginia Manufacturers Association in the amount of \$1 million. The total combined VSBFA exposure is \$800,000. On a motion by Mr. Boyer, seconded by Mr. Young, the Board unanimously approved the request as presented. Voting aye: Mr. Park, Mr. Boyer, Ms. Rao, and Mr. Young. Mr. Thomas abstained

VI. Board Review and Ratification of Loans Approved/Declined by Staff - Mr. Parsons reviewed a list of 25 approvals for a total of \$3,687,930 for the Board as well as one declined loan request for \$495,000. The Staff entertained questions about specific loans from the Board. On a motion by Mr. Young, seconded by Mr. Boyer, the Board unanimously approved all of the approvals and declines made by the Staff. Voting aye: Mr. Park, Mr. Boyer, Ms. Rao, Mr. Thomas, and Mr. Young

VII. Board Review and Ratification of Claims Made Under the Virginia Capital Access Program (VCAP) - Mr. Parsons reviewed the list of claims made by banks under the VCAP program and responded to questions by the Board. On a motion by Mr. Boyer, seconded by Mr. Young, the Board unanimously approved all of the claims. Voting aye: Mr. Park, Mr. Boyer, Ms. Rao, Mr. Thomas, and Mr. Young

VIII. Update on the State Small Business Credit Initiative (SSBCI)

Mr. Parsons introduced Mr. Bill Doyle of Federal Management Systems, Inc., a contractor to U.S. Treasury. Mr. Doyle, a former community bank president with two community banks and someone with extensive banking experience and contacts in the industry, has been contracted by U.S. Treasury at the recommendation of the Virginia Bankers Association, to assist the VSBFA in marketing its SSBCI allocation to banks.

This offer was made to the VSBFA by U.S. Treasury at no expense to the VSBFA and Mr. Parsons readily accepted the offer. Mr. Doyle provided the Board with an update on the bank interviews he has been conducting with both user and non-user banks. He also explained that he will be working with the Staff to develop a detailed marketing plan to more aggressively promote the SSBCI-funded programs. The Board thanked Mr. Doyle and U.S. Treasury for its assistance and said that it would like to see a copy of Mr. Doyle's report to Treasury once it was complete.

VIII. Administrative Matters

- A. Mr. Parsons reviewed the updated VSBFA Credit Guidelines for the Board and entertained questions. On a motion by Mr. Thomas, seconded by Mr. Boyer, the Board unanimously approved the Guidelines for this FY. Voting aye: Mr. Park, Mr. Boyer, Ms. Rao, Mr. Thomas, and Mr. Young
- B. Mr. Parsons reviewed the updated VSBFA Bylaws for the Board and entertained questions. On a motion by Mr. Young, seconded by Mr. Boyer, the Board unanimously approved the Bylaws for this FY. Voting aye: Mr. Park, Mr. Boyer, Ms. Rao, Mr. Thomas, and Mr. Young
- C. Mr. Parsons reviewed the following items with the Board:
 - 1. Mr. Parsons informed the Board that the VSBFA's request for additional state funds to recapitalize the Small Business Microloan Program had been declined. The microloan program now has less than \$300,000 in capital available to be loaned to businesses. Staff will do what it can to explore other alternatives to keep this popular program going; but at this point, funding is expected to run out and the program closed in approximately 3-4 months.
 - 2. The VSBFA Annual Report for FY '13
 - 3. Progress to Date on Activity Volume under the SSBCI Program
 - 4. Progress to Date for the First Quarter of FY '14 on all VSBFA program activity
- D. Chairman Park explained to the Board that Mr. Joyce's term expired in June and that he would soon be rotating off of the Board and therefore, the Board would need to choose a new vice-chairman. Mr. Boyer nominated Mr. Thomas, which was seconded by Mr. Young. At that point, nominations were closed and Mr. Thomas was unanimously elected by the Board. Voting aye: Mr. Park, Mr. Boyer, Ms. Rao, and Mr. Young.

- IX. Adjourn - There being no other business to discuss, Chairman Park declared the meeting adjourned and thanked the Board and Staff for their time.